

THL Zinc Ltd

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

THL Zinc Ltd

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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THL Zinc LtdCORPORATE DATA**Date of
appointment**

DIRECTORS:	Gyaneshwarnath Gowrea	13-Aug-10
	Din Dayal Jalan	02-Sep-10
	Mohammad Akhtar Janally	16-Feb-12

ADMINISTRATOR AND SECRETARY: Multiconsult Limited
Les Cascades Building
Edith Cavell Street
Port Louis
Mauritius

REGISTERED OFFICE: C/o Multiconsult Limited
Les Cascades Building
Edith Cavell Street
Port Louis
Mauritius

BANKERS: Standard Chartered Bank (Mauritius) Limited
Units 6A and 6B
6th Floor, Raffles Tower, Lot 19
Cybercity
Ebène
Mauritius

AUDITOR: Deloitte
7th Floor, Raffles Tower
19 Cybercity
Ebène
Mauritius

THL Zinc Ltd

COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of THL Zinc Ltd (the "Company") for the year ended 31 March 2014.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding.

RESULTS AND DIVIDEND

The Company's loss for the year ended 31 March 2014 is USD 154,573,232 (2013: Profit of USD 71,044,161).

The directors do not recommend the payment of dividend for the year under review (2013: NIL).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

The auditor, Deloitte, has indicated its willingness to continue in office and will be automatically re-appointed at the next annual meeting.

SECRETARY'S CERTIFICATE

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies, all such returns as are required of THL Zinc Ltd under the Mauritius Companies Act 2001 for the year ended 31 March 2014.



For Multiconsult Limited
Corporate Secretary
Les Cascades Building
Edith Cavell Street
Port Louis
Mauritius

Date: 24 APR 2014

Multiconsult Ltd

33, Edith Cavell Street, Port Louis, Mauritius

Tel: +230 212 9800 Fax: +230 212 9833 Email: info@cimglobalbusiness.com

BRN C09004928

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**Independent auditor's report to the shareholder of
THL Zinc Ltd**

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This report is made solely to the company's shareholder, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to the shareholder in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of **THL Zinc Ltd** (the "Company") on pages 5 to 25 which comprise the statement of financial position at 31 March 2014 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 5 to 25 give a true and fair view of the financial position of **THL Zinc Ltd** as at 31 March 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies.

Report on other legal requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interests in, the company other than in our capacity as auditors;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records.



Deloitte

Chartered Accountants

24 APR 2014



Pradeep Malik, FCA

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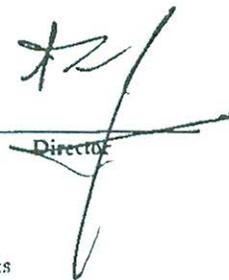
THL Zinc Ltd
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	Note	2014 USD	2013 USD
ASSETS			
Non-current assets			
Investments in subsidiaries	5	517,893,617	771,273,913
Total non-current assets		<u>517,893,617</u>	<u>771,273,913</u>
Current assets			
Other receivables	6	394,672,758	316,572,680
Cash and cash equivalents		20,613,544	1,377,856
Total current assets		<u>415,286,302</u>	<u>317,950,536</u>
TOTAL ASSETS		<u>933,179,919</u>	<u>1,089,224,449</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	7	9,001,000	9,001,000
Retained earnings		26,517,442	181,090,674
Total equity		<u>35,518,442</u>	<u>190,091,674</u>
Current liabilities			
Optionally convertible redeemable preference shares	8	896,000,000	896,000,000
Other payables	9	453,866	437,189
Current tax liability		1,207,611	2,695,586
Total liabilities		<u>897,661,477</u>	<u>899,132,775</u>
TOTAL EQUITY AND LIABILITIES		<u>933,179,919</u>	<u>1,089,224,449</u>

These financial statements have been approved by the Board of Directors
and authorised for issue on 24 APR 2014



Director



Director

The notes on pages 9 to 25 form an integral part of these financial statements
Auditor's report on page 4

THL Zinc LtdSTATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

	<u>Note</u>	<u>2014</u> USD	<u>2013</u> USD
Income	11	70,834,664	78,559,935
Expenses		(15,684)	(25,890)
Impairment of investment in subsidiaries	5	(221,789,180)	-
Finance costs	12	<u>(23,216)</u>	<u>(1,577,226)</u>
(Loss)/Profit before taxation	13	(150,993,416)	76,956,819
Taxation	14	<u>(3,579,816)</u>	<u>(5,912,658)</u>
(Loss)/profit for the year		<u>(154,573,232)</u>	<u>71,044,161</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss/(income) for the year		<u><u>(154,573,232)</u></u>	<u><u>71,044,161</u></u>

The notes on pages 9 to 25 form an integral part of these financial statements
Auditor's report on page 4

THL Zinc Ltd**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 MARCH 2014

	<u>Stated Capital</u>	<u>Retained earnings</u>	<u>Total Equity</u>
	USD	USD	USD
At 1 April 2012	9,001,000	110,046,513	119,047,513
Profit for the year and total comprehensive income	-	71,044,161	71,044,161
At 31 March 2013	<u>9,001,000</u>	<u>181,090,674</u>	<u>190,091,674</u>
At 1 April 2013	9,001,000	181,090,674	190,091,674
Loss for the year and total comprehensive loss	-	(154,573,232)	(154,573,232)
At 31 March 2014	<u>9,001,000</u>	<u>26,517,442</u>	<u>35,518,442</u>

The notes on pages 9 to 25 form an integral part of these financial statements
Auditor's report on page 4

THL Zinc Ltd
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	<u>Note</u>	<u>2014</u> USD	<u>2013</u> USD
Operating activities			
Net cash generated from operating activities	10	<u>87,827,866</u>	<u>64,773,467</u>
Investing activities			
Loan to group company		(103,652,030)	(161,980,000)
Interest received		3,468,736	127,234
Proceeds from disposal of investments		<u>31,591,116</u>	<u>78,062,781</u>
Net cash used in investing activities		<u>(68,592,178)</u>	<u>(83,789,985)</u>
Net increase/(decrease) in cash and cash equivalents		19,235,688	(19,016,518)
Cash and cash equivalents at beginning of year		<u>1,377,856</u>	<u>20,394,374</u>
Cash and cash equivalents at end of year		<u><u>20,613,544</u></u>	<u><u>1,377,856</u></u>

The notes on pages 9 to 25 form an integral part of these financial statements
Auditor's report on page 4

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. REPORTING ENTITY AND BUSINESS ACTIVITY

THL Zinc Ltd (the "Company") was incorporated in Mauritius, under the Mauritius Companies Act 2001, on 15 April 2008 as a private company. The Company was set up as a Category 2 Global Business Licence company and pursuant to a shareholder resolution of 19 August 2010, the Company changed its legal regime to a Category 1 Global Business Licence company. The Company's registered office address is c/o Multiconsult Limited, Rogers House, 5, President John Kennedy Street, Port Louis, Mauritius. The Company's principal activity is investment holding.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with and comply with the International Financial Reporting Standards ("IFRS").

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence in the foreseeable future.

(c) Functional and presentation currency

The financial statements of the Company are expressed in the United States Dollars ("USD"). The Company's functional currency is USD, the currency of the primary economic environment in which the Company operates.

(d) Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of investments

Determining whether investments in unquoted companies are impaired requires an estimation of the value in use of these investments. The value in use calculation requires the directors to estimate the future cash flows expected to arise from these investments and a suitable discount rate in order to calculate present value. The actual results could, however, differ from the estimates.

Determination of functional currency

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising are dependent on the functional currency selected. The directors have determined that the functional currency of the Company is the United States Dollars (USD) as the transactions are in USD.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 MARCH 2014**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**

In the current year, the company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2013.

3.1 New and revised IFRSs applied affecting disclosures in the financial statements

IAS 1 Amendments to revise the way other comprehensive income is presented.

The company has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income in the current year. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

3.2 New and Revised Standards applied with no material effect on the financial statements

The following relevant new and revised Standards have been applied in these financial statements. Their application has not had any material impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

IAS 1	Presentation of Financial Statements - Amendments resulting from Annual Improvements 2009-2011 Cycle (Comparative Information)
IAS 27	Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements (as amended in 2011)
IAS 32	Financial Instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)
IFRS 7	Financial Instruments: Disclosures - Amendments related to the offsetting of assets and liabilities
IFRS 10	Consolidated Financial Statements - Original issue
IFRS 10	Consolidated Financial Statements - Amendments to transitional guidance
IFRS 12	Disclosures of Interests in Other Entities - Original issue
IFRS 12	Disclosures of Interests in Other Entities - Amendments to transitional guidance
IFRS 13	Fair Value Measurement - Original issue

**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)
(CONT'D)**

3.3 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated.

IAS 24	Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities) (effective 1 July 2014)
IAS 27	Consolidated and Separate Financial Statements - Amendments for investment entities (effective 1 January 2014)
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities (effective 1 January 2014)
IAS 36	Impairment of Assets - Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for novations of derivatives (effective 1 January 2014)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 9	Financial Instruments - Classification and measurement of financial assets (effective 1 January 2018)
IFRS 9	Financial Instruments - Reissue classification and measurement of financial liabilities and derecognition requirements (effective 1 January 2018)
IFRS 9	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 9	Financial Instruments: Disclosures - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9 (effective 1 January 2018)
IFRS 10	Consolidated Financial Statements - Amendments for investment entities (effective 1 January 2014)
IFRS 12	Disclosures of Interests in Other Entities - Amendments for investment entities (effective 1 January 2014)
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2010-2012 Cycle (short-term receivables and payables) (Amendments to basis for conclusions only)
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (Scope of the portfolio exception in paragraph 52) (effective 1 July 2014)

The directors do not expect that the application of the standards and interpretations listed above will have a material impact on the financial statements of the company in future periods.

THL Zinc LtdNOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 MARCH 2014

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the most important accounting policies, which have been applied consistently, is set out below.

(a) Foreign currency transaction*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

(b) Revenue recognition

Revenues earned by the Company are recognised on the following basis:-

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(c) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

(d) Investment in subsidiaries

Investments in subsidiaries are stated at cost. Any impairment in the value of the investment is recognised by reducing the carrying amount of the investment to its recoverable amount and charging the difference to the statement of profit or loss and other comprehensive income.

On disposal of an investment the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

The Company has taken advantage of paragraph 4(a) of International Financial Reporting Standard "IFRS 10 - Consolidated Financial Statements", which dispenses it from the need to present consolidated financial statements. The Company is wholly owned by Vedanta Resources Plc. which prepares group accounts that comply with International Financial Reporting Standards and these are available for public use from the company secretary, Vedanta Resources Plc, 16 Berkeley Street, London W1J 8DZ and at www.vedantaresources.com.

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
FOR THE YEAR ENDED 31 MARCH 2014**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial instruments****(i) *Financial assets***

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost less impairment.

Impairment of financial assets

The Company's financial assets are assessed for indicators of impairment at the end of each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

THL Zinc LtdNOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments (cont'd)(i) *Financial assets (cont'd)**Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(ii) *Financial liabilities and equity instruments issued by the Company.***Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

THL Zinc LtdNOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 MARCH 20144. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(e) Financial instruments (cont'd)

(ii) *Financial liabilities and equity instruments issued by the Company (Cont'd).***Compound instruments (cont'd)**

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to stated capital. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the compound instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised costs using the effective interest method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, the Company's obligations are discharged, cancelled or they expire.

(f) Impairment

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

(g) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

THL Zinc Ltd
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided on the comprehensive basis using the liability method. Deferred tax liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

(i) Related parties

Related parties are individuals and companies where the individual or company has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions, or vice versa.

(j) Cash and cash equivalents

Cash comprises cash at bank and term deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5. INVESTMENTS IN SUBSIDIARIES

	<u>2014</u>	<u>2013</u>
	USD	USD
<i>At Cost</i>		
At 01 April	771,273,913	849,336,694
Buy back of shares of THL Zinc Namibia Holdings Proprietary Limited	(31,591,116)	(78,062,781)
Provision for impairment	<u>(221,789,180)</u>	<u>-</u>
At 31 March	<u>517,893,617</u>	<u>771,273,913</u>

- (a) During the year THL Zinc Namibia Holdings Proprietary Limited bought back 95 shares (2013: 185 shares) at a price of NAD 3,743,648 per share (2013: NAD 3,743,648 per share) equivalent to USD 31,591,116 (2013: USD78,062,781).

During the year the Company has provided for impairment for its investment held in THL Zinc Namibia Holdings Proprietary Limited

Investments have been valued at estimated future cash flows expected to arise from the above investments, and hence a provision for impairment of USD 221,789,180 has been made for its investment in THL Zinc Namibia Holdings Limited.

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****FOR THE YEAR ENDED 31 MARCH 2014****5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

(b) Details of the investments held during the year are provided below;

Company	Country of Incorporation	Types of Shares	No of Shares Held		% Holding		Value of Investments at Cost	
					2014	2013	2014	2013
					2014	2013	USD	USD
THL Zinc Namibia Holdings Proprietary Limited	Namibia	Ordinary	820	915	100%	100%	266,500,000	519,880,296
Black Mountain Mining Proprietary Limited	South Africa	Ordinary	740	740	74%	74%	251,393,603	251,393,603
Pecvest 17 Proprietary Limited	South Africa	Ordinary	100	100	100%	100%	14	14
Total							517,893,617	771,273,913

6 OTHER RECEIVABLES

	2014 USD	2013 USD
Loan to related parties		
-Welter Trading Limited	-	183,662,501
Twin Star Holding Ltd	-	103,880,000
Twin Star Mauritius Holdings Limited	392,231,524	-
Interest on loan to Welter Trading Limited	-	1,475,709
Interest on loan to Twin Star Holdings Ltd	-	828,482
Interest on loan to Twin Star Mauritius Holdings Limited	2,441,234	-
Dividend receivable	-	26,725,988
At 31 March	394,672,758	316,572,680

Pursuant to a board meeting of 28 November 2012, the Company had extended the loan of USD75,000,000 provided to Welter Trading Limited for a further period of one year at revised interest rate for 6 months LIBOR plus 115 basis points and the unpaid interest of USD562,501 had also been converted into loan. The company has also pursuant to its board meeting dated 23 October 2012 and 5 July 2012 provided a loan of USD44,000,000 and USD64,100,000 at interest rate of 6 months LIBOR plus 125 basis points and 1.73% respectively and both loans were repayable within one year. During the year, the Company has extended the earlier provided loan of USD 64,100,000 provided to Welter Trading Limited for a further period of one year at revised interest rate of 2% p.a and the unpaid interest of USD 1,036,993 has also been converted into loan. The loans are unsecured in nature.

The loan of USD 50,000,000 granted to Twin Star Holdings. Ltd on 7 March 2012 carries an interest rate of 1.5% p.a and was repayable within one year. The company has pursuant to its board meeting dated 19 March 2013 provided a loan to Twin Star Holdings Ltd. of USD53,880,000 at interest rate of 1 year LIBOR plus 100 basis points and was repayable within one year. The loans are unsecured in nature.

During the year, the Company has entered into an agreement to provide loan facility of USD 108,000,000 to Vedanta Resources Holdings Limited for a period of eleven months at interest rate of 1.67% p.a. The total amount disbursed under this facility was USD 50,628,000.

Pursuant to Memorandum of Understanding (MOU) dated 3 September 2013 signed between Vedanta Resources Jersey II Limited (VRJ2), the Company and Twinstar Mauritius Holdings Limited (TSMHL), loans provided by the Company to Welter Trading Limited, Twinstar Holdings Limited and Vedanta Resources Holdings Limited amounting to USD 339,207,494 have been assigned to Vedanta Resources Jersey II Ltd in exchange for equivalent amount of TSMHL receivables to VRJ2, consequently TSMHL has become new borrower for the Company and the rate of interest on the above is 1.19% p.a for a period of one year.

During the year, the Company has entered into an agreement to provide loan facility of USD 65,000,000 to Twinstar Mauritius Holdings Limited for a period of one year at interest rate of 2.51% p.a. The total amount disbursed under this facility was USD 53,024,030.

7 STATED CAPITAL

	2013 USD	2012 USD
Ordinary shares		
<u>Issued and Fully Paid</u>		
At 1 April and 31 March	9,001,000	9,001,000

The shares in the capital of the Company comprise of 1,000 ordinary shares of no par and 90,000 ordinary shares of par value USD 100, issued to THL Zinc Ventures Ltd. The ordinary share carries voting rights and right to dividend.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

8 **OPTIONALLY CONVERTIBLE REDEEMABLE PREFERENCE SHARES ("OCRPS")**

- (i) The company has issued 7 Million, 0.25% Optionally Convertible Redeemable Preference Shares (OCRPS) of USD 1 each with a premium of USD 99 each to THL Zinc Ventures Limited. Each OCRPS can be converted at the option of the investor into a variable number of equity shares and can be redeemed at the option of the company at any time.
- (ii) The Company has issued 2.4 Million, 0.25% Optionally Convertible Redeemable Preference Shares (OCRPS) of USD 1 each with a premium of USD 99 each to THL Zinc Holding BV. Each OCRPS can be converted at the option of the investor into a variable number of equity shares and can be redeemed at the option of the company at any time. During 2012, 440,000 0.25% Optionally Convertible Redeemable Preference Shares were redeemed.

In accordance with paragraph 16 of IAS 32 Financial Instruments: Presentation, the Optionally Convertible Redeemable Preference Shares (OCRPS) have been classified as a liability.

9 **OTHER PAYABLES**

	<u>2014</u> USD	<u>2013</u> USD
Audit Fees	7,475	10,080
Interest on optionally convertible redeemable preference shares	73,392	50,996
Amount due to THL Zinc Ventures Ltd	372,999	372,999
Other payables	-	3,114
At 31 March	<u>453,866</u>	<u>437,189</u>

The amount due to THL Zinc Ventures Ltd is unsecured, interest free and repayable on demand.

10 **NET CASH GENERATED FROM OPERATING ACTIVITIES**

	<u>2014</u> USD	<u>2013</u> USD
(Loss)/ Profit before taxation	(150,993,416)	76,956,819
<i>Adjusted for:</i>		
- Interest Income	(4,642,773)	(2,751,737)
- Interest expense	22,396	22,490
- Foreign exchange differences	(1,157,113)	(1,575,616)
-Provision for impairment	<u>221,789,180</u>	<u>-</u>
Operating profit before working capital changes	65,018,274	72,651,956
<i>Adjustments for:</i>		
- Change in other receivables	27,402,257	(869,909)
- Change in other payables	<u>(5,719)</u>	<u>6,155</u>
Cash generated from operations	<u>92,414,812</u>	<u>71,788,202</u>
Tax paid	<u>(4,586,946)</u>	<u>(7,014,735)</u>
Cash generated from operations	<u>87,827,866</u>	<u>64,773,467</u>

11 **INCOME**

	<u>2014</u> USD	<u>2013</u> USD
Dividend income	64,576,414	75,808,198
Exchange gain	1,615,477	-
Interest income	<u>4,642,773</u>	<u>2,751,737</u>
	<u>70,834,664</u>	<u>78,559,935</u>

12 FINANCE COSTS

	<u>2014</u> USD	<u>2013</u> USD
Interest on Preference Shares	22,396	22,490
Bank charges	820	1,273
Exchange loss	-	1,553,463
	<u>23,216</u>	<u>1,577,226</u>

13 LOSS BEFORE TAXATION

The loss before taxation for the year is arrived at after charging:

	<u>2014</u> USD	<u>2013</u> USD
Audit fees	<u>7,955</u>	<u>7,080</u>

14 TAXATION

The Company is a "Category 1 Global Business Licence Company" for the purpose of the Financial Services Act 2007. The profit of the Company, as adjusted for income tax purposes, is subject to income tax at 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign taxes paid and 80% of the Mauritius Tax on its foreign source income.

Interest income earned by the Company from its bank in Mauritius is exempt from tax and there is no tax on capital gains on investments in Mauritius.

The directors have in accordance with the Company's accounting policy not recognised any deferred tax asset in that respect as the probability of taxable profit arising in future is remote.

(i) Tax expense

	<u>2014</u> USD	<u>2013</u> USD
Current tax	1,207,610	2,603,094
Withholding tax	3,228,821	3,309,564
Reversal of tax provision	(856,615)	-
	<u>3,579,816</u>	<u>5,912,658</u>

(ii) Tax reconciliation

	<u>2014</u> USD	<u>2013</u> USD
(Loss)/Profit for the year	<u>(150,993,416)</u>	<u>76,956,819</u>
Tax at statutory rate @ 15%	(22,649,012)	11,543,523
Less: exempt income	(208)	(469,817)
Add: Underlying tax	1,091,069	-
Add: Disallowed expenses	33,268,377	-
Foreign tax credit	(10,502,616)	(8,858,965)
Overprovision of current tax in current year	-	480,845
Withholding tax	3,228,821	3,309,564
Reversal of overprovision of tax liability	(856,615)	(92,492)
	<u>3,579,816</u>	<u>5,912,658</u>

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014****15 FINANCIAL INSTRUMENTS**Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instrument are disclosed in note 4 to the financial statements.

Fair values

The carrying amounts of other receivables, cash at bank, borrowings and other payables approximate their fair values.

Categories of financial instruments

	<u>2014</u> USD	<u>2013</u> USD
Financial assets		
Loan and receivables (including cash and cash equivalents)	<u>415,286,302</u>	<u>317,950,536</u>
Financial liabilities		
Optionally convertible redeemable preference shares	896,000,000	896,000,000
Other payables	<u>453,866</u>	<u>437,189</u>
	<u>896,453,866</u>	<u>896,437,189</u>

16 FINANCIAL RISK MANAGEMENT**Strategy in using financial instruments**

The Company's activities expose it to a variety of financial risks: Market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

THL Zinc Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

16 FINANCIAL RISK MANAGEMENT (CONT'D)

Strategy in using financial instruments (cont'd)

(a) Market Risk Management

Market risk is the risk that changes in market prices, foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(b) Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. Any excess cash and cash equivalents of the Company are invested in short-term time deposits and liquid funds.

The following table details the Company's exposure to interest rate risks. The total interest sensitivity gap represents the net notional amounts of all interest sensitive financial instruments.

31 March 2014

	<u>Up to 1 year</u>	<u>Non Interest</u>	<u>Total</u>
	USD	bearing	USD
Assets			
Other receivables	392,231,524	2,441,234	394,672,758
Cash and cash equivalents	20,613,544	-	20,613,544
Total assets	<u>412,845,068</u>	<u>2,441,234</u>	<u>415,286,302</u>
Liabilities			
Optionally convertible redeemable preference shares	896,000,000	-	896,000,000
Other payables	-	453,866	453,866
Total liabilities	<u>896,000,000</u>	<u>453,866</u>	<u>896,453,866</u>

31 March 2013

	<u>Upto 1 year</u>	<u>Non Interest</u>	<u>Total</u>
	USD	bearing	USD
Assets			
Other receivables	287,542,501	29,030,179	316,572,680
Cash and cash equivalents	1,377,856	-	1,377,856
Total assets	<u>288,920,357</u>	<u>29,030,179</u>	<u>317,950,536</u>
Liabilities			
Optionally convertible redeemable preference shares	896,000,000	-	896,000,000
Other payables	-	437,189	437,189
Total liabilities	<u>896,000,000</u>	<u>437,189</u>	<u>896,437,189</u>

The Optionally Convertible Redeemable Preference Shares are not sensitive to movement in interest rates.

Interest Rate Sensitivity

A 100 basis point is the sensitivity rate used internally by key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the net loss for the year ended 31 March 2014 would increase / decrease by NIL (2013: USD 1,195,625) on account of financial assets.

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014****16 FINANCIAL RISK MANAGEMENT (CONT'D)****(c) Currency Risk Management**

The company has invested in shares denominated in South African Rand and Namibian Dollar and made a loan to a subsidiary denominated in South African Rand and Namibian Dollar. Consequently, the company is exposed to the risk that the exchange rate of the United States Dollar relative to the above foreign currencies may change in a manner which has material effect on the reported values of the company's assets which are denominated in these foreign currencies upon realisation of the investments and on profit or loss of each reporting period.

Currency profile

The currency profile of the company's financial assets and liabilities is summarised as follows:

	Financial assets 2014 USD	Financial liabilities 2014 USD	Financial assets 2013 USD	Financial liabilities 2013 USD
South African Rand	-	-	17,109,063	-
Namibian Dollar	-	-	9,616,926	-
United States Dollar	<u>415,286,302</u>	<u>896,453,866</u>	<u>291,224,547</u>	<u>896,437,189</u>
	<u>415,286,302</u>	<u>896,453,866</u>	<u>317,950,536</u>	<u>896,437,189</u>

If exchange rate of the USD relative to South African Rand change by 10%, the net loss/equity for the year ended 31 March 2014 would increase/decrease by USD NIL (2013: USD 736,754).

If exchange rate of the USD relative to Namibian Dollars change by 10%, the net loss/equity for the year ended 31 March 2014 would increase/decrease by USD NIL (2013: 874,266).

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The directors confirm that the Optionally Convertible Redeemable Preference Shares ("OCRPS") will not be redeemed within the next twelve months.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities. The table below illustrates the aged analysis of the Company's financial liabilities.

31 March 2014

	Up to 1 year USD
Liabilities	
Other payables	453,866
Optionally convertible redeemable preference shares	<u>896,000,000</u>
Total	<u>896,453,866</u>

31 March 2013

	Up to 1 year USD
Liabilities	
Other payables	437,189
Optionally convertible redeemable preference shares	<u>896,000,000</u>
Total	<u>896,437,189</u>

THL Zinc Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

16 FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company may adjust the amount of dividends paid to shareholder, return on capital to shareholder, issue new shares or sell assets to reduce debt.

The capital structure of the company consists of stated capital, retained earnings and net debt.

Gearing ratio

The gearing ratio at the year end was as follows:

	<u>2014</u> USD	<u>2013</u> USD
Debt (i)	896,000,000	896,000,000
Cash and cash equivalents	<u>(20,613,544)</u>	<u>(1,377,856)</u>
Net debt	<u>875,386,456</u>	<u>894,622,144</u>
Equity (ii)	<u>35,518,442</u>	<u>190,091,674</u>
Net debt to equity ratio	24:6	4:71

(i) Debt includes optionally convertible redeemable preference shares.

(ii) Equity includes all capital and reserves of the company.

17 RELATED PARTY TRANSACTIONS AND BALANCES

During the year ended 31 March 2014, the company traded with related parties. The nature and volume of transactions with the entities are as follows:

Name of Company	Relationship	Nature of transaction	2014 USD	2013 USD
THL Zinc Ventures Ltd	Related party	Interest on optionally convertible redeemable preference shares	17,496	17,496
THL Zinc Holding B.V	Related party	Interest on optionally convertible redeemable preference shares	4,900	4,994

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014****17 RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)**

Name of Company	Relationship	Nature of transaction	2014 USD	2013 USD
Twin Star Mauritius Holdings Ltd	Related party	Interest Income	2,441,234	-
Welter Trading Limited	Related party	Interest Income	1,310,443	1,846,022
Vedanta Resources Holdings Limited	Parent Company	Interest Income	188,824	-
Twin Star Holdings Ltd	Related party	Interest Income	700,885	778,482
<u>Dividend income</u>				
Black Mountain Mining Proprietary Limited	Subsidiary	Dividend income	18,704,044	18,009,540
THL Zinc Namibia Holdings Proprietary Limited	Subsidiary	Dividend income	45,872,370	57,798,658
<u>Outstanding balances</u>				
Amount due from Black Mountain Mining Proprietary Limited	Subsidiary	Receivable	-	17,109,062
Amount due from THL Zinc Namibia Holdings Proprietary Limited	Subsidiary	Receivable	-	9,616,926
Amount due to THL Zinc Ventures Limited	Holding company	Payable	372,999	372,999
Welter Trading Limited	Related party	Loan and interest receivable	-	185,138,210
Twin Star Holdings Ltd	Related party	Loan and interest receivable	-	104,708,482
Twin Star Mauritius Holdings Ltd	Related party	Loan and interest receivable	394,672,758	-
Amount due to THL Zinc Holding BV	Related party	Optionally convertible redeemable preference shares	196,000,000	196,000,000
Amount due to Zinc Ventures Ltd	Holding company	Optionally convertible redeemable preference shares	700,000,000	700,000,000

Compensation to key management personnel

No compensation to key management personnel was paid during the year (2013: Nil).

THL Zinc LtdNOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 MARCH 2014**18 EVENTS AFTER THE REPORTING PERIOD**

There have been no material events after reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2014.

19 IMMEDIATE, INTERMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate holding company is THL Zinc Ventures Ltd, a Category 1 Global Business Company, established in Mauritius. The Company's intermediate holding company is Vedanta Resources Plc, a company incorporated in the United Kingdom. The ultimate holding company is Volcan Investments Limited, a company incorporated in the Bahamas.

THL Zinc Ltd**INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2014**

	<u>2014</u>	<u>2013</u>
	USD	USD
INCOME		
Dividend income	64,576,414	75,808,198
Interest income	4,642,773	2,751,737
Foreign Exchange difference	1,615,477	-
	<u>70,834,664</u>	<u>78,559,935</u>
EXPENSES		
Filing and registration fees	(310)	(310)
Audit fees	(7,955)	(7,080)
Professional fees	(7,419)	(18,500)
Impairment of investment in subsidiaries	(221,789,180)	-
	<u>(221,804,864)</u>	<u>(25,890)</u>
FINANCE COSTS		
Interest on Preference Shares	(22,396)	(22,490)
Foreign Exchange difference	-	(1,553,463)
Bank charges	(820)	(1,273)
	<u>(23,216)</u>	<u>(1,577,226)</u>
(LOSS)/PROFIT BEFORE TAXATION	(150,993,416)	76,956,819
TAXATION	<u>(3,579,816)</u>	<u>(5,912,658)</u>
(LOSS)/PROFIT FOR THE YEAR	<u><u>(154,573,232)</u></u>	<u><u>71,044,161</u></u>